

WEEKLY ECONOMIC REVIEW

SEPTEMBER 2, 2005

In the aftermath of Hurricane Katrina, uncertainty surrounding the resumption of refining in the United States has pushed energy prices to historically high levels. Crude oil traded above US\$70 a barrel this week, and closed at \$69.47 on Thursday.

The Canadian dollar continued to gain support from higher energy prices, as it appreciated to 84.2 cents US this week in trading, its highest level since December 2004.

In the second quarter of 2005, the Canadian economy grew by 3.2% (annualized), up significantly from the revised 2.1% in the previous quarter. Growth was driven by strength in consumer spending and business investment.

Canada's current account surplus¹ also increased in the second quarter, up \$1.3 billion to \$4.7 billion. The increase was mainly a result of higher energy exports.

In August, employment in the United States increased by 169,000 with the unemployment rate declining to 4.9%. Employment figures are expected to be lower over the next few months as the effects of Hurricane Katrina, and consequently the higher price of fuels,

Cdn Dollar (C\$/US\$)		
↑	Sept 2, 2005	84.2¢
	Aug 26, 2005	83.6¢
	2005-06 YTD	81.3¢
WTI Oil \$US/bbl		
↑	Sept 1, 2005	\$69.47
	Aug 25, 2005	\$67.49
	2005-06 YTD	\$56.98
Nymex Natural Gas C\$/mcf*		
↑	October Contract	
	Sep 2, 2005	\$13.85
	Aug 26, 2005	\$11.79
*Estimate based on Nymex Futures Market Price		

impact employment levels. More than half a million people have been displaced from their homes and operations at several oil and gas facilities have been severely impacted by the storm. The United States has lost an estimated 42 million gallons of gasoline production per day, about 10% of its normal consumption.

Also in the United States, second quarter growth figures were revised down to 3.3% from an earlier report of 3.4%.

Alberta celebrated its Centennial this week with festivities held across the province. Congratulations Alberta!!

¹The current account figure is the combined balances on trade in goods, services, income, and net current transfers.

Economic Indicators Released this Week	Reference Period	Quarter/Previous Quarter	Quarter/Previous Quarter (Annualized Rate)	Quarter/Previous Year's Quarter
	2nd Quarter			
Canadian GDP (millions of 1997 dollars, annualized)	1,152,277	0.8%	3.2%	2.7%
	July	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date²
Industrial Product Price Index (1997=100)	110.8	-0.4%	-0.3%	1.4%
Raw Materials Price Index (1997=100)	146.8	1.2%	13.7%	12.5%
	August	Gain/Loss from Previous Month (#)	Month/Previous Year's Month (Y/Y)	Y/Y change) (%)
U.S. Employment		+169,000	+2,249,000	1.7%

Source: Statistics Canada and Bureau of Labor Statistics

²Year-to-date 2005 compared to the same time period in 2004. For example: January-July 2005 versus January-July 2004

Alberta Finance